

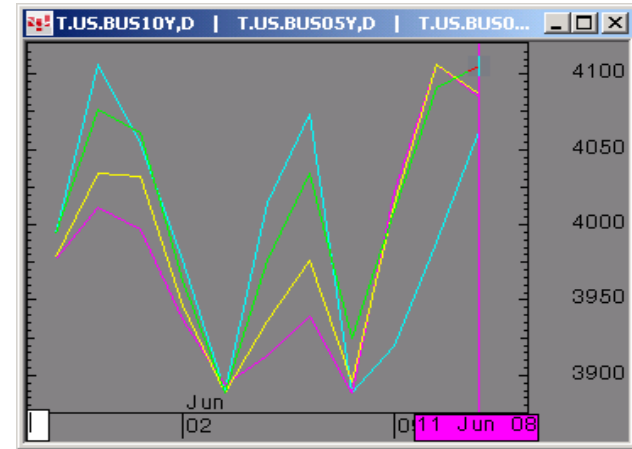


The Morning Email: Treasuries

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Daily Yield Curve



Scale is for 10yr

Source: CQG, Inc. © 2008 Wed Jun 11 2008 05:37:54



Want something added? Let me know: jgoulding@ghco.com

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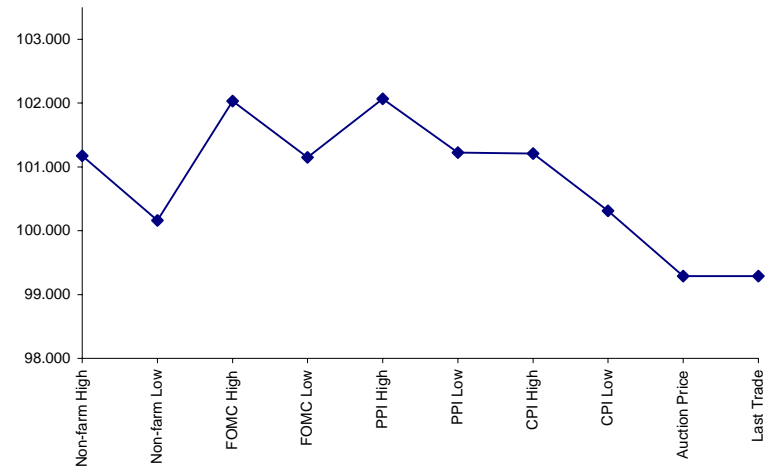
Economic Releases (32nds)

	5y	10y	ZNU8	ZBU8	Date
Non-farm High	101.1725	99.240	114.085	114.270	6/6/2008
Non-farm Low	100.1625	98.165	112.180	113.055	6/6/2008
FOMC High	102.0300	100.275	113.233	115.352	4/20/2008
FOMC Low	101.1500	100.020	112.241	114.267	4/20/2008
PPI High	102.0650	100.265	113.246	116.147	5/20/2008
PPI Low	101.2250	100.060	113.166	115.167	5/20/2008
CPI High	101.2100	100.050	113.167	115.197	5/14/2008
CPI Low	100.3100	99.055	112.177	114.087	5/14/2008
Auction Price	99.2908	99.157	na	na	
Last Trade	99.2870	98.040	112.085	113.045	6/11/2008 5:46

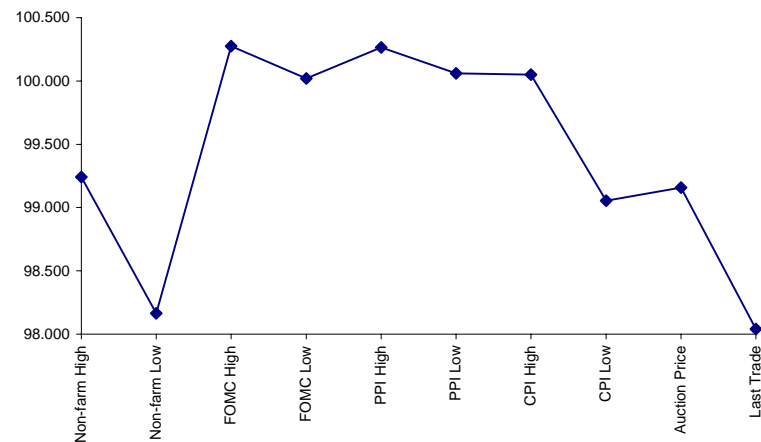
Auctions - 32nds

	2 y	5y	10y	30y
Auction Price	99.311	99.291	99.157	96.120
Auction Yield Stop	2.64	3.52	3.937	4.599
Actual Auction Date	5/28/2008	5/29/2008	5/7/2008	5/8/2008 r

5y (Decimal)



10y (Decimal)



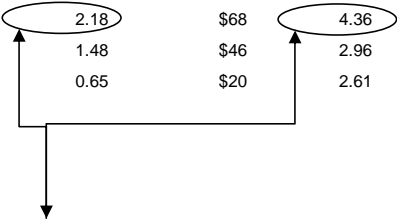
Notes:

- 1) Cash and futures are adjusted for roll.
- 2) Release times are from release to 2pm cdt
- 3) {Jun08 to Sep08 Futures roll: ZF = (-27 3/4); ZN = (-49 1/2); ZB = (-30 1/2) [tics]}

Quotes

		32 nds					
	Last	Net	High	Low	Open	Volume	Sym Name
TUAU8	104.307	0.022	105.027	104.255	104.277	42,261	2y Fut
FVAU8	109.160	0.025	109.230	109.070	109.110	57,289	5y Fut
TYAU8	112.085	(0.010)	112.165	112.000	112.075	104,642	10y Fut
USAU8	113.045	(0.07)	113.130	113.015	113.100	17,673	30y Fut
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02P	99.172	0.032	99.210	99.122	99.132	na	2y Cash
BUS05P	99.285	0.052	100.030	99.200	99.217	na	5y Cash
BUS10P	98.030	(0.050)	98.100	97.315	98.015	na	10y Cash
BUS30P	94.130	(0.200)	94.290	94.115	94.255	na	30y Cash
	Last	Net	High	Low	Open	Volume	Sym Name
BUS02Y	2.864	(0.049)	2.959	2.798	2.938	na	2y Yield
BUS05Y	3.521	(0.031)	3.592	3.478	3.566	na	5y Yield
BUS10Y	4.107	0.016	4.128	4.079	4.113	na	10y Yield
BUS30Y	4.723	0.043	4.735	4.691	4.702	na	30y Yield

	M Duration	DV01 32	DV01 \$	DV01 Box	CF	
30y	15.89	4.87	\$1,523	9.74	n/a	30y
10y	8.12	2.56	\$799	5.11	n/a	10y
5y	4.52	1.47	\$461	5.90	n/a	5y
2y	1.90	0.61	\$189	2.42	n/a	2y
ZB	10.25	3.82	\$119	3.82	0.7771	ZB
ZN	5.97	2.18	\$68	4.36	0.8478	ZN
ZF	4.11	1.48	\$46	2.96	0.8995	ZF
ZT	1.89	0.65	\$20	2.61	0.9605	ZT



DV01 32, said differently, is "how many TICS are in a basis point?".

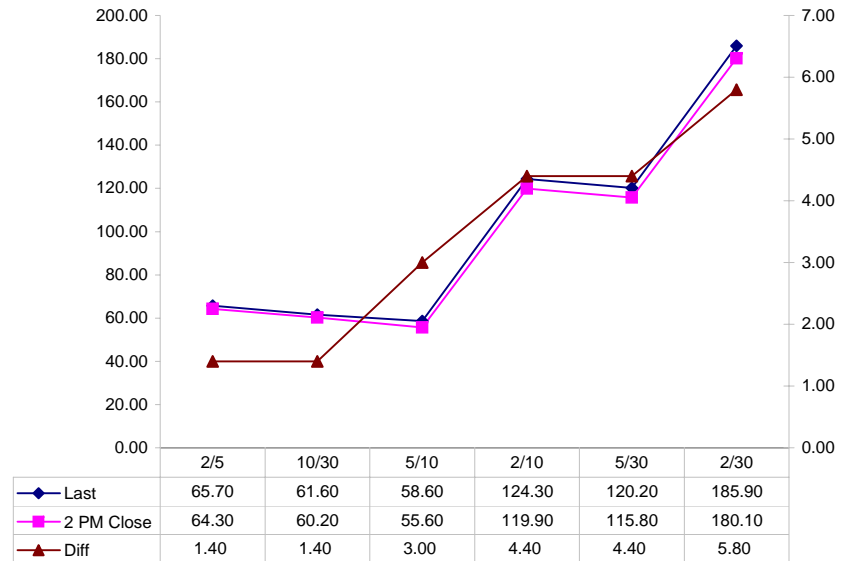
Example, If **ZN** moves 1~basis point, then, it's moved 2.59 tics (Today, 03/29/08, the value in the box is 2.59).

Since ZN trades in half tics, then, 5.17 boxes = 1 basis point in ZN. (Again, today, 03/28/08, the value in the box is 5.17). Of course the values will be different as you look at this. But, they won't be that much different. So, I think you can get the idea I'm trying to get across.

Yield Curve Spreads

	Last	2pm close	Diff
2/5	65.70	64.30	1.40
10/30	61.60	60.20	1.40
5/10	58.60	55.60	3.00
2/10	124.30	119.90	4.40
5/30	120.20	115.80	4.40
2/30	185.90	180.10	5.80

Curve Spreads vs 2pm close



Notes

CF = Conversion Factor

MDuration = Modified Macaulay Duration

MDuration & DV01s for Futures are based on proxy issue (CTD)

DV01 Box = Dollar Value of 1 basis point move per Box

US Financial Futures / Eurex Bond

	ZB	ZN	ZF	ZT
Bund (M)	1.033	1.681	2.760	2.983
Bobl (M)	0.563	0.948	1.550	1.730
Shatz (M)	0.254	0.400	0.586	0.740

US Financial Futures

	ZB	ZN	ZF	ZT
ZB		1.753	2.581	2.929
ZN	0.570		1.472	1.670
ZF	0.387	0.679		1.135
ZT	0.341	0.599	0.881	

Eurex Bonds

	Bund (H)	Bobl (H)	Shatz (H)
Bund (H)		1.8	4.2
Bobl (H)	0.6		2.3
Shatz (H)	0.2	0.4	

US Treasuries v US Financial Futures

	2y	5y	10y	30y
ZB	1.59	3.86	6.44	12.76
ZN	2.78	6.77	11.30	22.38
ZF	4.10	9.97	16.63	32.94
ZT	4.65	11.31	18.87	37.38

US Treasuries v Eurex Bonds

	2y	5y	10y	30y
Bund (M)	1.5	3.6	6.4	12.0
Bobl (M)	2.7	6.4	11.3	21.3
Shatz (M)	6.3	14.9	26.3	49.7

US Treasuries

	2y	5y	10y	30y
2y		2.433	4.058	8.039
5y	0.427		1.735	3.436
10y	0.246	0.599		1.981
30y	0.124	0.303	0.505	

Note: If you are looking at a matrix with Eurex products then those ratios are pulled from Bloomberg and are static. Meaning, I only update them once in a while but always on rolls. I calculate the other matrixes, with US products, everyday

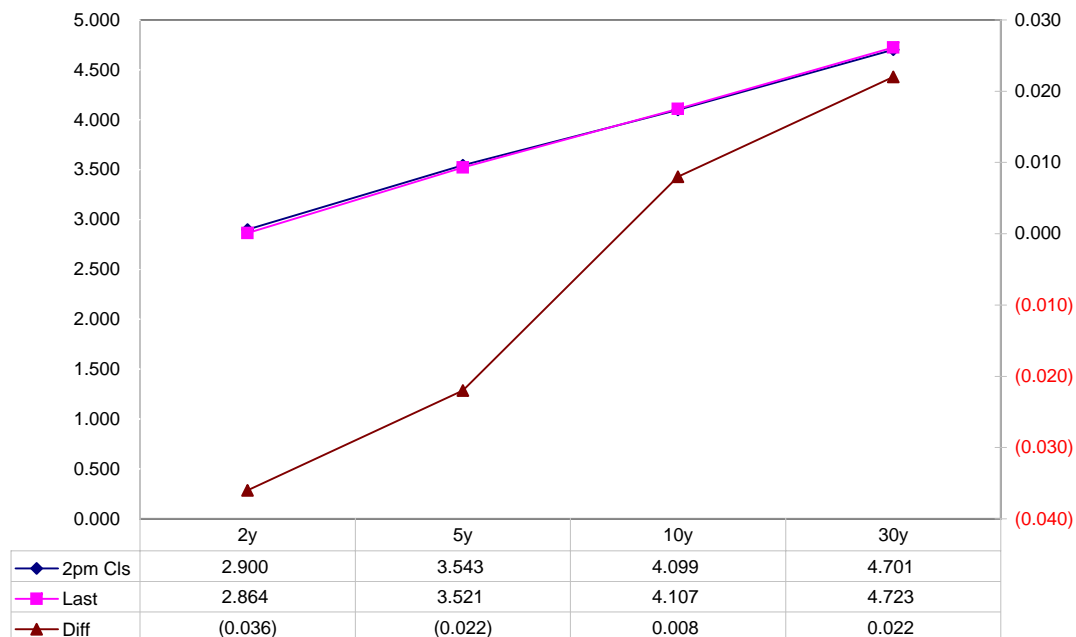
Closes: 2pm CT vs this Morning

	Cpn	Mty	Close 32	Close	Last	Diff	Basis			Close 32	Last	
							Close	Last	Roll			
2y	2.625	5/31/10	99.1525	2.900	2.864	(0.036)	-40.53	-40.53		104.2875	104.3070	TUAU8
5y	3.500	5/31/13	99.2575	3.543	3.521	(0.022)	43.93	44.85		109.1375	109.1600	FVAU8
10y	3.875	5/15/18	95.060	4.099	4.107	0.008	-0.57	94.28		112.095	112.085	TYAU8
30y	4.375	5/15/37	94.260	4.701	4.723	0.022	215.46	209.01		113.110	113.045	USAU8

Curve Spreads

	Close bps	Last bps
2/5	64.3	65.7
5/10	55.6	58.6
10/30	60.2	61.6
2/10	119.9	124.3
5/30	115.8	120.2
2/30	180.1	185.9

US Treasuries Last v 2pm Close



Notes:

Basis = (Cash Decimal - (Futures Decimal * CF))*32

MDuration for Curve Spreads:

Longer duration minus shorter duration

32 = price is quoted in 32nds

Cash Duration Matrix

	2	5	10	30
2	100%			
5	42%	100%		
10	23%	56%	100%	
30	12%	28%	51%	100%

What is this? (1):
 2yr cash has X% duration of 5yr cash .

Cash Matrix [DV01 x Duration]

	2	5	10	30
2	\$189			
5	\$194	\$461		
10	\$187	\$444	\$799	
30	\$182	\$433	\$778	\$1,523

What is this? (2):
 - 2yr cash has DV01 of X\$
 - Multiply the 2yr DV01 by the percent duration to come up with what the 2yrs DV01 SHOULD be compared to the 5yr.

Cash Matrix [DV01 over / (under) valued]

	2	5	10	30
2				
5	(\$5)			
10	\$2	\$16		
30	\$7	\$28	\$21	

What is this? (3):
 - Now you can see the over/under value, based on the DV01, from contract to contract. In this example we are looking at the 2yr compared to the 5yr.

Cash Matrix [DV01 over / (under) as %]

	2	5	10	30
2				
5	-2.34%			
10	1.25%	3.67%		
30	3.96%	6.45%	2.68%	

Or you can look at the over/under value as a percentage instead of dollar terms.

Tic for Tic Matrix

	2y	5y	10y	30y
ZT	0.93	2.26	3.92	7.48
ZF	0.41	1.00	1.73	3.29
ZN	0.28	0.68	1.17	2.24
ZB	0.16	0.39	0.67	1.28

	2y	5y	10y	30y
2y		2.43	4.22	8.04
5y	0.41		1.73	3.30
10y	0.24	0.58		1.91
30y	0.12	0.30	0.52	

	ZT	ZF	ZN	ZB
ZT		2.27	3.34	5.86
ZF	0.44		1.47	2.58
ZN	0.30	0.68		1.75
ZB	0.17	0.39	0.57	

Box for Box Matrix

	2y	5y	10y	30y
ZT	0.93	2.26	7.85	14.95
ZF	0.41	1.00	3.46	6.59
ZN	0.56	1.35	1.17	2.24
ZB	0.64	0.77	1.34	1.28

	2y	5y	10y	30y
2y		2.43	2.11	4.02
5y	0.41		0.43	1.65
10y	0.47	2.31		1.91
30y	0.25	0.61	0.52	

	ZT	ZF	ZN	ZB
ZT		2.27	6.68	11.71
ZF	0.44		1.47	5.16
ZN	0.15	0.68		1.75
ZB	0.09	0.19	0.57	

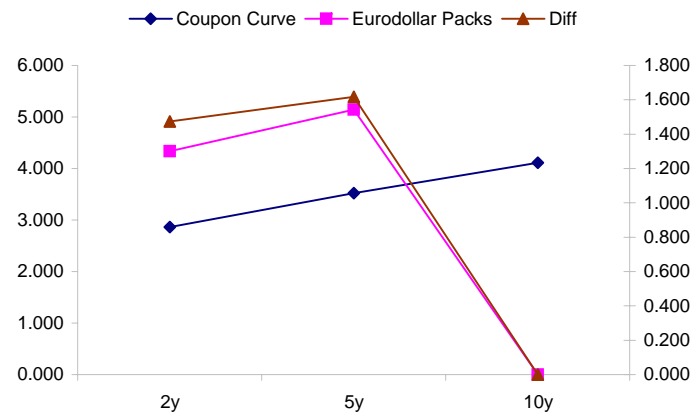
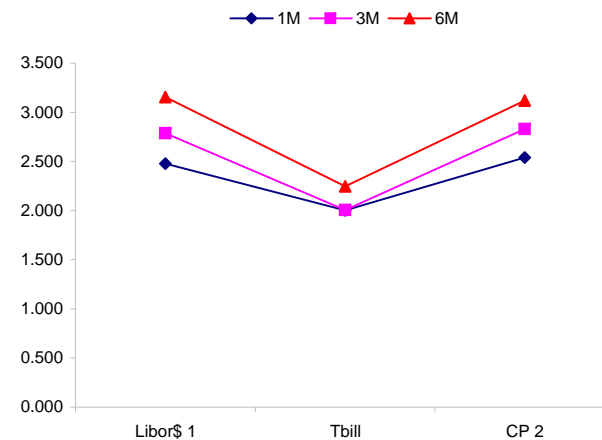
	Libor\$ ¹	Repo Rt ⁶			
0/N	2.095	#VALUE!			
1week	2.300	#VALUE!			
2week	2.362	#VALUE!			
	Libor\$ ¹	Tbill	CP ²		
1M	2.477	2.001	2.540		
3M	2.788	2.007	2.830		
6M	3.154	2.246	3.120		
	TSY	Swp	Swp Rate ⁵	ED Pks ³	TSY - ED Pk ⁴
2y	2.864	94.25	3.81	4.337	1.474
5y	3.522	94.50	4.47	5.140	1.618
10y	4.111	73.25	4.84	#VALUE!	#VALUE!

<u>2/5</u>	<u>Rd/Blu Pk</u>	<u>Diff</u>	
65.9	80.3	14.4	Red pack / Blue pack is a 2/5 proxy
<u>2/10</u>	<u>Rd/Gld Pk</u>	<u>Diff</u>	
124.7	#VALUE!	#VALUE!	Red pack / Gold pack is a 2/10 proxy
<u>5/10</u>	<u>Blu/Gld Pk</u>	<u>Diff</u>	
58.8	#VALUE!	#VALUE!	Blue pack / Gold pack is a 5/10 proxy

"Swap spreads are essentially a measure of the difference between buying a safe government bond and making a riskier loan to a bank"
--WSJ

Notes:

- 1) Quoted in US Dollars
- 2) CP = Commercial Paper
- 3) ED Pks are colored for pack identifications. Example, the red pack is a 2-yr proxy and is colored red.
- 4) TSY yield minus ED Pk yield
- 5) Swap divided by 100 + TSY yield gives swap rate in basis points.
- 6) Repo Rt quotes is for overnight General Collateral



	Last	Chng	Term	Asset Type
USDLIBON	2.095	(0.0013)	Overnight	LIBOR
TUSFFRON	#VALUE!	#VALUE!	Overnight	Fed Funds Effective Rate
TUSRPOON	#VALUE!	#VALUE!	Overnight	Repo Rate
TEONIA01M	4.059	0.0010	1 month	Euribor OIS Rate
TEONIA03M	4.214	0.0070	3 month	Euribor OIS Rate
TSONIA01M	5.051	0.0010	1 month	Sterling OIS Rate
TSONIA03M	5.114	(0.0030)	3 month	Sterling OIS Rate
TUSOIS01M	2.035	0.0020	1 month	USD OIS Rate
TUSOIS03M	2.086	(0.0190)	3 month	USD OIS Rate

